
Defaults

An account is placed in default and any interest-free benefits are forfeited when the applicant:

Applicants who have defaulted in three separate crop years on their cash advances are ineligible to receive a cash advance in the program year following the program year the defaulted advance was repaid. This applies to advances issued in or after the 1997-98 program year, under *AMPA*, *SCAP* and *ESCAP*.

- has not met all of the obligations of this application on or before September 30, 2007.
- has not taken advantage of delivery opportunities. The CWB will send a letter requiring repayment within 20 days;
- provides false or misleading information or evades repayment;
- does not comply with the Terms and Conditions of the repayment agreement;
- fails or refuses a bin inspection after the advance has been issued (shortfall is more than 10 per cent over the issued amount, calculated at the advance payment rate);
- files for bankruptcy or a receiving order is made against the applicant;
- has not applied for a delivery permit book by October 15th of the next crop year where default has been stayed.

Consequences of default

- Applicants with defaulted advances issued after the 1996-97 program year are not eligible for a new advance in the program year in which the advance is repaid. For example, if a defaulted 1997-98 through 2005-06 advance issued through *AMPA* is repaid in full after August 31, 2006, the applicant will not be eligible for another advance until 2007-08.
- When an applicant is defaulted, all related producers are ineligible to receive an advance until the defaulted account is repaid in full.
- After a defaulted account is repaid, the next application the applicant or related producer makes may require approval by the CWB before issuance. A bin inspection may also be required. If CWB approval is required prior to an advance being issued, a notification sticker will be sent to the elevator manager who issued the current permit book.
- Applicants who default in three separate program years (starting with 1997-98 program year), under *AMPA*, *SCAP* or *ESCAP* are ineligible to participate in the advance program for the balance of the program year the defaulted advance was repaid plus one additional program year. This applies to all the farming operations in which the applicant has an interest.
- Deductions can be taken from any future CWB payments.
- Deductions can be taken from any payments the applicant receives from other Agriculture and Agri-Food Canada (AAFC) programs.
- Applicants with defaulted accounts where no repayment agreement is reached with the CWB will be notified when their accounts are forwarded to AAFC for collection.

Stay of default

If delivery opportunities have been limited during the crop year, the CWB will request that the Minister of Agriculture and Agri-Food Canada stay default into the next advance crop year until applicants have had sufficient delivery opportunities to repay their advances.

Repayment

Upon default, the applicant must repay:

- outstanding principal;
- outstanding interest;
- default interest charges compounded from the date of the advance cash ticket; and
- any legal and collection costs.

All shareholders, partners or members of a corporation, partnership (includes joint producers), cooperative or other business enterprise are individually and collectively responsible for the outstanding amount in the event of default.